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GIBSON SEEKS LEGISLATION TO REVISE TAX COLLECTION PROCESS

Mayor Kenneth A. Gibson has requested that Senator John P. Caufield introduce two pieces of legislation that would help spread the burden of tax collection shortfalls with the non-City entities for which the City collects taxes.

"As you know, the City acts as the agent for collecting county taxes, school taxes and Passaic Valley Sewerage Authority costs," Gibson explained.

"In the last few years, we have boosted our (collection) rate to 85%. However, the City pays 100 percent of the Passaic Valley Sewerage Authority assessment out of its real estate tax collections. Similarly, the City must pay 100 percent of its County tax levy and 100 percent of its Board of Education bill," Gibson continued.

Gibson noted that whenever a taxpayer is delinquent in paying his or her property taxes to the City, the City in turn cannot deduct that shortfall from its obligations to the non-city entities for which it collects taxes. "Obviously, the money (to cover the shortfall) is made up from the City's municipal purposes portion of the tax levy. This costs the City millions of dollars every year," Gibson said.

The Newark property tax rate for 1983 is \$11.64, of which less that \$3.00 actually goes for municipal purposes. "As far as the

average taxpayer is concerned, he or she is paying the City \$11.64 and getting reduced municipal services (police, fire, sanitation). The City takes the blame for high taxes, but in reality, the non-city entities are forcing the rate up," Gibson explained.

In order to alleviate this problem, Gibson suggested two options that could be considered by the Legislature. One would require that non-city entities share in any shortfall caused by non-collection of property taxes. "If the City collects 85 percent, it should pro-rate its remittances to the County, Board of Education and PVSA by paying them 85 percent of their assessments for the City," said Mayor Gibson.

The second option would require each non-City entity to be responsible for levying and collecting its own taxes directly from the property owners. "The County should bill property owners directly and collect their taxes directly, as should the Board of Education and PVSA," Mayor Gibson added.

In support of these requests, Gibson added that the current tax collection system "puts these entities in the enviable position of being guaranteed 100 percent payment while exerting absolutely no effort for collection. In addition, these entities are not encouraged to live within a budget for which the taxpayer holds them accountable because there is no direct paying relationship between the taxpayer and the entity. These entities are insulated from the (shortfall) problem because the City must pay them 100 percent despite not being able to collect 100 percent. The shortfalls

are made up by the City from its municipal purposes funds. This results in less money for the City to deliver municipal services, while other entities are guaranteed a 100 percent revenue stream."

Gibson also requested legislation which would remove City-owned properties from the County tax tables. "The City must pay the County taxes for City-owned properties, even though the City does not collect any taxes on these properties. The City should not be penalized by having to make up the County taxes from its own budget. After all, New Jersey's counties do not pay municipalities any municipal purposes taxes on county properties, even though those properties use municipal services," Gibson said.

"If the legislation I am requesting were enacted, I could assure the people of Newark continued municipal services for a reasonable price. Without that legislation, I must tell the people that fewer services will cost them more. It is time to end the free ride for non-City entities and force them to deal with the City's taxpayers who are supporting them," Gibson urged.

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